

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2019-030-10038R

Parcel Nos. 06-13-352-017 and 06-13-352-018

Jeffrey Krile,

Appellant,

vs.

Dickinson County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on March 19, 2020. Jeffrey Krile was self-represented. Chief Deputy Jill Burgeson-Eisenbacher represented the Dickinson County Board of Review.

Jeffrey Krile owns two adjoining residential parcels located at 2200 Manhattan Blvd, Wahpeton, Iowa. Their January 1, 2019, assessments were set as follows:

Parcel No. 06-13-0352-017 at \$1,024,500, allocated as \$849,600 in land value and \$174,900 in dwelling value. (Exs. A-1 & B-1).

Parcel No. 06-13-0352-018 at \$849,600, all allocated to land value. (Exs. A-2 & B-2).

Krile petitioned the Board of Review contending the assessments were not equitable as compared with assessments of other like property and his properties were over assessed. Iowa Code § 441.37(1)(a)(1 & 2) (2019); (Ex. C). The Board of Review modified the assessment on Parcel No. 06-13-352-017 to \$1,015,900 by reducing the value allocated to the dwelling. It denied the petition on Parcel No. 06-13-0352-18. (Ex. B-1 & B-2).

Krile then appealed to PAAB re-asserting his claims.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

The subject property consists of two adjoining parcels; each has fifty lineal feet of lake frontage on West Lake Okoboji.

Parcel No. 06-13-352-017 (hereinafter Lot 17) is improved with a two-story home built in 1947 with 2567 square feet of gross living area, including two one-story additions built in 1974, a deck, and an attached carport. It is listed in normal condition with good-quality construction (Grade 3-5). (Ex. A-1)

Parcel No. 06-13-352-018 (hereinafter Lot 18) is assessed as land only, although Krile testified the home essentially straddles both lots. (Ex. A-2).

The lot size of both parcels is 50 feet x 295 feet, for a total of 100 lake front feet. (Ex. Q). Chief Deputy Burgeson testified the standard lot depth around the lake is 150 feet. She explained the lot depth impacts the front foot calculation used to value all lake

properties. Individually the lots are valued at \$849,600 for a total combined land value of \$1,699,200.

Krile challenges only the valuation of the land and contends it is excessive when compared to the land values of neighboring properties. He described his property has a high bank with fifty-eight steps down to the lake. He asserts high-bank lots sell for less than flat lots. Burgeson disagreed and testified she has not seen any decrease in values for high-bank versus beachfront properties in the market.

In support of his claim, Krile listed three sales he believes show his property is inequitably assessed. The Board of Review submitted the property record cards and related sale documents for these properties, a summary of which is in the following table. (Exs. D-J).

Comparable	Site Dimensions	Effective Lake Front (EFF)	Depth Unit Adjustment	Unit Price	Assessed Land Value	Sale Price
Subject Property ¹	100 x 295	118	1.18	\$14,400	\$1,699,200	NA
1 – 2812 Manhattan	80 x 252	92	1.15	\$14,400	\$1,324,800	\$1,000,000 ²
2 – 2220 Manhattan	75 x 302	88.5	1.18	\$14,400	\$1,274,400	\$915,000
3 - 2216 Manhattan	50 x 300	58.93	1.18	\$14,400	\$848,500	\$620,000

Krile took the sale price of each property and divided by the actual lake frontage to arrive at a price per front foot. He then averaged these to arrive at \$12,367 per front foot, which he contends should be assigned to his 100 feet of frontage for a total land value of \$1,236,700. (Ex. C). He also calculated the per square foot price of each lot.

Burgeson testified that Krile's methodology was not a recognized land valuation method for lakefront property in Dickenson County. Rather, the land is valued based on its effective front foot (EFF) adjusted for the depth of the lot. She testified most of West Lake Okoboji parcels are valued at \$14,400 per EFF. She also provided information concerning the sales transactions Krile relied upon.

¹ All tables will include the combined data for both Lots 17 and 18.

² 2812 Manhattan sold twice in 2019, first in April for \$1,000,000 and again in October for \$1,400,000.

Comparable 1 was sold in 2018 by the Internal Revenue Service Property and Liquidation Specialists following a foreclosure of a tax lien. (Exs. G & H). It sold again in October, 2019 for \$1,400,000 and the transaction code³ noted it was only a partial assessment due to new construction. (Ex. D).

Comparable 2 sold in May 2016, and thereafter a new dwelling was constructed bringing the 2019 assessment to a total of \$1,880,200. (Ex. E).

Comparable 3 sold in January, 2015 and at the time of the 2019 assessment did not have a completed dwelling. (Ex. F). This property has one-half of the subject's lake frontage but is of equivalent depth, thus its assessed land value is one-half of the subject's land value.

The Board of Review also submitted five 2018 sales of lake front properties in Whapeton and adjusted them for differences compared to the subject. The following table summarizes those sales. (Exs. K - P).

Comparable	Site Dimensions	Effective Lake Front (EFF)	2019 Land Value	2019 Total Assessed Value	2018 Sale Price	Adjusted Sale Price
Subject	100 x 292	118	\$1,699,200	\$1,865,500	NA	
A – 2201 Lakeshore Dr	50.75 x 98	42.63	\$613,872	\$721,400	\$725,000	\$1,869,049
B – 1520 Lakeside Ave	52.03 x 115	43.70	\$629,255	\$819,000	\$800,000	\$1,845,717
C – 2212 Mills Park Cir	50 x 58	52.67	\$758,400	\$1,114,800	\$1,360,000	\$2,107,923
D – 2203 Lakeshore Dr	50 x 98	42.00	\$604,800	\$913,900	\$1,000,000	\$1,946,624
E – 3000 Manhattan Blvd ⁴	60 x 265	70.20	\$1,010,880	\$1,140,400	\$940,000	\$1,665,111

³ The Iowa Department of Revenue lists sales conditions codes to be used by assessors to identify sale conditions for equalization and are available at <https://tax.iowa.gov/sites/default/files/idr/documents/Sales%20Condition%20Codes.pdf>.

⁴ We note that Comparable E is the subject of a pending appeal to PAAB, identified as PAAB Docket No. 2019-030-10047R.

All of these sales have less lake frontage and lot depth than the subject. All also have dwellings that are different in size, age, and quality compared to the subject. However, we note the majority of the adjustments the Board of Review made to the properties relate to the land value. Each is valued with a unit price of \$14,400 per EFF, like the subject. The indicated adjusted sale prices range from \$1,665,100 to \$2,107,900 with an average of \$1,886,900 and a median of \$1,869,000. (Ex. Q).

Krile was critical of the Board of Review comparables because of their location three or four miles away from his property. He also questioned the comparability of the lots based on frontage and depth. Krile has not obtained a recent appraisal of the subject property. He did recall having a Comparative Market Analysis many years ago, but did not recall the valuation opinion.

Analysis & Conclusions of Law

Krile contends the subject property is inequitably assessed and over assessed as provided under Iowa Code section 441.37(1)(a)(1 & 2). His appeal only concerns the assessed land value. Krile bears the burden of proof. § 441.21(3). However, the Iowa Courts have concluded the “ultimate issue...[is] whether the *total* values affixed by the assessment roll were excessive or inequitable.” *Deere Manufacturing Co. v. Zeiner*, 78 N.W. 2d 527,530 (Iowa 1956); *White v. Bd.of Review of Dallas County*, 244 N.W. 2d 765 (Iowa 1976)(emphasis added). Thus, while Krile’s argument is focused on the land value, our analysis of the claim must focus on the subject property’s total value.

To prove inequity, a taxpayer may show an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Krile has failed to show any variation in assessment methodology. The Board of Review explained the methodology and unit pricing used for all lake front lots. Such methodology is recognized by the Iowa Real Property Appraisal Manual used by all assessors whereas Krile’s methodology of averaging lineal foot lakefront price alone is

not. Manual 2-6 *available at*

https://paab.iowa.gov/sites/default/files/documents/2020/01/2landvaluationsection_0.pdf

Alternatively, a taxpayer may show the property is assessed higher proportionately than other like properties using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709, 711 (Iowa 1965). The *Maxwell* test provides that inequity exists when, after considering the actual (2018 sales) and assessed (2019) values of similar properties, the subject property is assessed at a higher proportion of its actual value. *Id.* It is insufficient to simply compare the subject property's assessed value to the assessments of other properties or to compare the assessed value per square foot amongst properties.

Krile submitted three sales, but only one occurred recently. That transaction also involved the IRS, which would not constitute a normal sale under Iowa law. §441.21(1)(b). Moreover, the property sold again in 2019 for \$1,400,000 but was apparently under construction. Accordingly, the *Maxwell* analysis cannot be completed. We thus turn to Krile's over assessment claim.

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* The sales comparison method is the preferred method for valuing property. *Compiano*, 771 N.W.2d at 398; *Soifer*, 759 N.W.2d at 779; *Heritage Cablevision v. Bd. of Review of Mason City*, 457 N.W.2d 594, 597 (Iowa 1990).

Sale prices of the subject property or comparable properties in normal transactions are to be considered in arriving at market value. §441.21(1)(b). "In arriving at a market value, sale prices of property in abnormal transactions not reflecting market

value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value, including but not limited to sales to immediate family of the seller, foreclosure or other forced sales, contract sales, discounted purchase transactions or purchase of adjoining land or other land to be operated as a unit.” *Id.*

As with an inequity claim, it is insufficient to simply compare other properties’ assessments to succeed in an over assessment claim. Typically market value is demonstrated through comparative sales adjusted for differences, an appraisal or a Comparative Market Analysis. Krile submitted only one recent sale of property he considers similar to the subject. However, as noted above, it was an abnormal transaction and Krile made no adjustments to account for the nature of the transaction and other differences from the subject.

Viewing the record as a whole, we find Krile failed to prove the subject property’s assessed value is inequitable or more than the value authorized by law. Although Krile has failed to support his claims on appeal, we note for his benefit that taxpayers may protest their assessment annually under the provisions of Iowa Code section 441.37, even if the property has not been revalued in a particular year. We note this as it appeared at hearing that Krile was unaware of or misunderstood a taxpayer’s rights under that provision.

Order

PAAB HEREBY AFFIRMS the Dickenson County Board of Review’s action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2019).

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.



Elizabeth Goodman, Board Member



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